

# Delegated decision report

## DECISION UNDER DELEGATED POWERS

**DECISION CANNOT BE TAKEN BEFORE WEDNESDAY, 18  
APRIL 2012**

Title	<b>PROPOSED SALE OF 17 NEWPORT ROAD, VENTNOR</b>
Report Author	<b>REPORT FOR THE DEPUTY LEADER AND CABINET MEMBER FOR THE ECONOMY AND THE ENVIRONMENT</b>

---

## EXECUTIVE SUMMARY

1. To approve the acceptance of an offer in the sum of £169,950 submitted in respect of the disposal of the freehold interest in 17 Newport Road, Ventnor.

## OUTCOMES

2. The outcome will be a capital receipt from this disposal towards the annual capital receipts target as set out in the Council's Medium Term Financial Plan and in accordance with the 2011 Strategic Asset Management Plan.

## BACKGROUND

3. 17 Newport Road is a detached stone built property which formerly served as Ventnor cemetery lodge house. The current internal accommodation consists of a dining room, basic kitchen and separate lounge on the ground floor. On the first floor there is a bathroom and two bedrooms. The internal accommodation whilst serviceable and believed adequate for mortgage purposes is in need of considerable upgrading and modernisation.
4. The property is within the main Ventnor cemetery grounds but benefits from sizeable gardens and some sea glimpses. Vehicular access is through the main cemetery gates. It is intended that the proposed conveyance will include vehicular rights across the cemetery and a clause which ensures the purchaser adequately fences the site.
5. Whilst owned by the Isle of Wight Council the property has since 1999 been let to Hampshire Probation Board for use as residential accommodation for a member of its staff. As part of an on-going review of the Council's property assets the former lodge house was highlighted as a non-operational property which generated a low revenue income and it was therefore identified as a potential capital receipt for the 2011/12 capital receipts programme. Notice was therefore given to terminate the lease agreement in June 2011. Through negotiation this was agreed with the tenants and the property was formally handed back to the Council in July 2011.

6. Three firms of estate agents were selected to provide marketing advice (figures quoted ranged from £150,000 - £185,000). The agents that quoted the highest figure were also able to match the most competitive agency fee and so were chosen to market the property. Marketing commenced in August 2011 with an advertised asking price of £185,000. The availability of the property was advertised through a for sale board on the site as well as marketing in the County Press, on the agent's website and on other national property websites.
7. Since August 2011 several offers have been received for the property and recommendations were made and approved for two potential sales, firstly at £185,000 from a potential cash purchaser but this was later withdrawn due to the amount of work required to the property; then in December 2011 at £176,500 again from a potential cash purchaser but this was also eventually withdrawn for reasons not provided.
8. In view of the abortive sales and stagnating market a decision was taken in February 2012 to change marketing agents and in late February the property was placed back on the market with the new agents at an asking price of £164,950.
9. This re-marketing has had the desired effect of attracting new interest and offers for the property. Two offers have been received over the asking price. The highest offer of £171,500 is from applicants with a good deposit but with no mortgage agreement in place. Investigation into their background has also indicated that they may find it difficult to secure a mortgage due to their self-employed status. The second offer is £169,500 and is from applicants who are intending to fund the purchase through part cash and part balance of an existing mortgage which is being freed up from the sale of their existing property. It has been confirmed that they have found a purchaser for this property and they should therefore be able to proceed relatively quickly.
10. As the £169,950 offer is from applicants with the funds more readily available, the agents have recommended it for acceptance.

## STRATEGIC CONTEXT

11. The rationalisation of the Council's property assets forms part of the 'Delivering of Budget Savings through Changed Service Provision' agenda within the Council's Corporate Plan.
12. The disposal is identified in the 2011 Strategic Asset Management Plan.
13. If this property is disposed of it will release a capital receipt into the Council's corporate account as part of the annual capital receipts target.

## CONSULTATION

14. Consultation has taken place with the Local Member as well as officers within Bereavement Services, Housing, Planning, Finance, Legal and Risk Management, The Director of Resources and the Deputy Director of Economic Development. Any further comments received will be considered when this delegated decision is taken by the Cabinet Member.

## FINANCIAL / BUDGET IMPLICATIONS

15. Hampshire Probation Board previously paid a rent of £4,875 per annum and this is no longer receivable as the lease has been terminated. Should a decision be taken to re-let the property it is considered that it would be very difficult to replace this revenue income as the property no longer complies with housing legislation and it is too expensive to undertake such works by modernising the building. The Council will need to reflect this loss of rental income within its revenue accounts.
16. The previous rent for this property was £4,875 per annum. No rent review calculations were considered as the intention was to terminate the lease; however, on the assumption of a rent of, say, £7,000 per annum this would provide a capital asset value of approximately £98,000 (and the Council would have to invest circa £30,000 - £40,000 to bring the property into a lettable standard). However, with vacant possession a consideration of £169,950 has been offered.
17. The Council is currently liable for all outgoings in respect of the vacant property such as council tax and insurance plus any ongoing maintenance liabilities. It is therefore in the Council's best interest to dispose of the property as soon as possible. To mitigate against such outgoings, the Council has applied for empty rates relief. Any revenue budget savings arising from disposal of this property will contribute to the Council's savings target for accommodation costs.
18. If the recommendation made within this report is adopted the Council will benefit from a capital receipt in the sum of £169,950.
19. An overage clause will be inserted into the sale contract to ensure that the Council will benefit from any potential uplift in value should, for example residential planning consent be granted for a further separate residential dwelling on the site in the near future.

## LEGAL IMPLICATIONS

20. The Council currently holds the property on a freehold basis with unencumbered title.
21. If the property is sold, then once a sale has been completed, the Council will have no further interest in the property itself (save for the overage clause). However, a clause will be inserted into the sale contract permitting a vehicular right of way across Council land, to the property's parking area, as shown yellow on the site plan. This will be shared with cemetery users and so will require appropriate monitoring and collection of a maintenance services charge for the shared hard surface.
22. The Council has the ability to dispose of property under Section 123 of the Local Government Act 1972 for best consideration.

## PROPERTY IMPLICATIONS

23. It is considered that property implications are adequately covered within the main body of this report.

## EQUALITY AND DIVERSITY

24. The council as a public body is subject to general and specific duties under equality and diversity legislation and as such has a duty to impact assess its service, policies/strategies and decisions with regards to diversity legislation and the nine “protected characteristics (race, gender reassignment, disability, age, sex and sexual orientation, religion or belief, pregnancy and maternity, marriage and civil partnership) This report considers that none of the identified groups are likely to be adversely affected by this decision.
25. It is understood that the previous occupier of the property was able to find suitable alternative accommodation before the lease agreement was terminated.

## SECTION 17 CRIME AND DISORDER ACT 1998

26. There are not believed to be any specific crime and disorder issues, other than vacant properties can be prone to vandalism and it is therefore in the Council’s interests to dispose of the building as soon as possible.

## OPTIONS

27. Options have been considered in respect of this property as follows:
- (a) To sell the property as detailed above and accept the offer of £169,950 subject to the overage clause.
  - (b) To sell the property to the party that has offered £171,500 subject to the overage clause.
  - (c) To continue to market the property for a longer period in the hope of achieving a higher capital receipt.
  - (d) To retain ownership of the property and lease it to a housing association or other private sector tenant.

## RISK MANAGEMENT

28. Option (a) represents limited risk to the Council as it has followed a robust marketing route that has included research into the funding method/ability of the proposed purchaser.
29. Option (b) provides a higher offer than that in option (a), but the selling agents have investigated the purchaser’s ability to obtain a mortgage and their recommendations are that there is a high risk attached to this, and that the £169,950 offer is likely to be more secure.
30. Option (c) also comprises a high risk as the existing applicant may withdraw. Also, due to the level of exposure to the market, it is unlikely that a better offer may be received. Indeed the major risk of this course of action would be that a lower offer ultimately has to be agreed, particularly in light of the potential for continued falls in the property market.

31. In option (d) the current standard and layout of the internal accommodation is considered unsuitable for re-letting. If, however, a new lease to a housing association or private sector tenant were agreed the Council would have to undertake extensive and expensive works and would also be exposed to the risk of ongoing landlord's obligations in a lease, plus the costs of management.

### EVALUATION

32. Under option (d) the building is no longer likely to be of interest to a housing association or other private sector tenant(s). Also, option (d) fails to achieve a capital receipt but would have ongoing revenue cost implications and necessitate some level of landlord management input.
33. The availability of the property has been marketed widely; however, this marketing has coincided with a time of continued uncertainty within the property markets. Whilst several applicants have viewed the property, the agents consider it unlikely that a higher cash offer will be received and, therefore, option (c) is not recommended.
34. In light of continued uncertainty across the property market and the continuing uncertain economic climate, it is considered that the offer within option (a) is the recommended disposal path, as this is deemed a more secure offer than that in option (b).

### RECOMMENDATION

35. That the Council adopts option (a)

To sell the property as detailed above and accept the offer of £169,950 subject to the overage clause.

### APPENDICES ATTACHED

36. [APPENDIX](#) - Site plan.

Contact Point - Jason Doughty, Estates and Valuation Surveyor

☎ 01983 823467 - e-mail: [jason.doughty@iow.gov.uk](mailto:jason.doughty@iow.gov.uk)

JOHN METCALFE  
Deputy Director  
Economic Development

COUNCILLOR GEORGE BROWN  
Deputy Leader and Cabinet Member for  
Economy and Environment

Decision

Signed

Date

---